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LEVEL 1 - 19 OF 21 STORIES

Computerworld

April 12, 1993

SECTION: Enterprise Networking; Bulletin Boards; Pg. 57

LENGTH: 655 words

HEADLINE: Federal agency becomes on-line broker;
Gas pipelien companies required to post capacity information on electroic bulletin boards

BYLINE: By Mitch Betts, CW Staff

BODY:

The Federal Energy Regulatory Commission (FERC), which is radically restructuring the natural gas industry in hopes of fostering more competition and lower consumer prices, is counting on computer networks to make deregulation work.

In order for the free-market experiment to succeed, buyers and sellers of natural gas will need timely access to information about available pipeline capacity. So the FERC has required the gas pipeline companies to post that information on electronic bulletin boards.

In addition, the bulletin boards allow parties that want gas shipped from point A to point B to bid for unused pipeline capacity. Technically, the systems are more like an airline reservation system -- in this case, reserving space in the pipeline -- than a simple bulletin board.

Monopoly breakup

The industry restructuring was required last year by FERC Order No. 636, which substantially deregulates the industry and eliminates the monopoly that pipelines have enjoyed as sellers to utilities and other buyers. Instead, gas producers and buyers can deal directly with each other and then arrange for transport by the pipelines.

The FERC wants this whole new regime in place by October or November, in time for the winter heating season.

The big problem at the moment is that there is no standardization of the pipeline bulletin boards, so it is very difficult to electronically "troll" the boards to find the best deals.

Stuart Maudlin, an expert on pipeline bulletin boards and president of EnerNet Corp. in Houston, said each pipeline has developed different software packages for customers to use to access their proprietary bulletin boards. He said there are no standards for log-ons, data format or data content, so it is virtually impossible to automate the process of contacting all of the boards.

Standard search

Consequently, parties on both ends of the pipeline are clamoring for the FERC to mandate a standard for the information systems. The pipelines, however, told the FERC that their industry task force has nearly completed work on a standard for data content.

That standard will be ready in time for the winter heating season, said Mike Martin, director of IS at United Gas Pipe Line, a Houston-based subsidiary of Coch Industries, Inc. The next step will be a standard access protocol, he added.

In addition, Martin pointed out that value-added network vendors such as IBM and General Electric Information Services, a Rockville, Md.-based unit of General Electric Co., are lining up to become "aggregators" of the data from the disparate pipeline systems.

To resolve the issue of standardization, the FERC recently ordered the industry to hold a series of informal conferences to nail down the standards for terminology, common data formats and communication protocols by July 1.

The Natural Gas Supply Association, a trade group for gas producers, wants the bulletin boards to not only have capacity data but also a wide variety of market data allowing parties to electronically locate supplies, arrange shipping, confirm deliveries and make payments.

Someday, such a full-fledged electronic marketplace for the natural gas industry will develop, observers said, but it may take a decade.

For one thing, it will require the natural gas industry to adopt electronic data interchange (EDI) standards, something the industry's independent-minded players have been very slow to do.

The natural gas industry is one of the last industries to embrace EDI, and actual implementation has been negligible, witnesses told the FERC at a Feb. 26 technical conference.

In addition, the industry is in such a state of turmoil from deregulation that parties will cling to person-to-person transactions they can trust, Maudlin said.

A completely electronic marketplace will have to wait until "the earthquakes subside and natural gas becomes a well-defined, stable commodity," he added.

LEVEL 1 - 7 OF 21 STORIES

Gas Daily

June 3, 1998

SECTION: Vol. 15, No. 106

LENGTH: 773 words

HEADLINE: Third-party system providers jockey for position

BODY:

As the industry marches forward with a revolution in electronic commerce, Sabre Energy is perhaps emblematic of the intense market positioning going on behind the scenes for becoming the third-party provider of information technology services related to business on the pipeline grid.

While the industry is in a holding pattern as FERC determines a route for bringing the industry to the Internet, Sabre Energy already has entered into alliances with TransEnergy Management and Latitude Technologies and has a couple more announcements pending for software companies to interface its new SEN*Net system, a standardized alternative to the numerous pipeline electronic bulletin boards (EBBs).

SEN*Net is "in testing" and the company plans on rolling out a product for the alliances at the end of June, Sabre Energy President **Stuart Maudlin** said. The company, a joint venture, combines Columbia Energy Group's energy expertise with The Sabre Group's history as the leading electronic travel-services provider.

Meanwhile, Boston-based TransCapacity, a subsidiary of Eastern Utilities, has on the market its "Gas Coordination System (GCS)," which includes a T/DealMakr Service that matches bids and capacity sales for customers. TransCapacity President Greg Lander distinguishes between "coordination" systems and gas management systems offered by software companies "to track a company's internally significant information . . . for managing buy/sell activity."

As such, TransCapacity and Sabre and their products represent the future of the information technology in the industry as envisioned by FERC's recent ruling on transitioning to Internet transactions using electronic data interchange (EDI). The turning point in the opening of the market was FERC's April ruling calling for the retirement of EBBs and for the industry to conduct business over the Internet by June 1, 1999 (GD 4/16).

Following the order, Lander, an active participant in the GISB process, predicted a strong "market response" to FERC's decisions. The key, according to Lander, is that third-party providers may now offer the information technology operations that were under the umbrella and cost-of-service of the pipeline's operations through the EBBs, including scheduling and nominations functions.

Lander's prediction of a market response to the order is coming true, if the

list of companies interested in the opportunity provides a good indication. While TransCapacity and Sabre represent the larger forces in the industry, Omaha, Neb.-based Strategic Technology Solutions and Birmingham, Ala.-based Group 8760 also are becoming players.

The point is that the third-party service providers will keep costs down," Lander noted. "It will make economic sense for most shippers who don't consider themselves to have a core competency" in information technology. Besides the pursuit of alliances with current providers of gas management systems, Sabre's three-pronged, or "footstool," product offering includes EDI functionality and interactive Web sites.

FERC's rule mandating transactions over the Internet has been heavily criticized in recent weeks by different segments of the industry. It is unclear how the commission will handle the issue on rehearing, but Lander -- a vocal proponent of moving to EDI -- says the commission might have gone too far in mandating the retirement of the proprietary systems. The important issue, he says, is how pipelines will treat the costs of operating the EBBs.

Lander said he expects a resolution to be introduced at a future GISB meeting asking that FERC deal with cost issues as it examines the rehearing requests.

Maudlin contends the third-party service providers will become the norm in dealing with the pipeline network because "in the longhaul, most shippers simply don't have the desire to input data multiple times across the different pipelines and also don't have the expertise in developing internal" systems. "It will be especially true with the blossoming of open access at the retail level, where the transactions could cost more than the cost of the gas," he said.

The uproar following FERC's ruling is perhaps comparable to forcing consumers to forgo a brand for alternatives when they aren't clear what the alternatives are yet, he says.

"It's sort of like the introduction of New Coke," Maudlin says. "In taste tests, all the customers preferred the taste over the Classic Coke. But when the old brand was pulled from the shelf, there was an uproar. In the case of the new technology, customers are worried about losing what they have without knowing their alternatives." DJG
URL: http://www.platts.com

LOAD-DATE: June 09, 1998

LEVEL 1 - 3 OF 21 STORIES

The Energy Report

October 5, 1998

SECTION: Vol. 26, No. 39

LENGTH: 1504 words

HEADLINE: FERC urges proactive approach to upcoming changes

BODY:

Pointing to opportunities to contribute to the Federal Energy Regulatory Commission's recently proposed restructuring of the market for short-term pipeline transportation, FERC Chairman James Hoecker last week called on the Gas Industry Standards Board (GISB) to "begin looking at the new challenges" before the gas industry.

In comments directed at prodding GISB into being at the forefront of industry's adaptation to the evolving "information economy," Hoecker said GISB should move beyond a recent debate over the uses of electronic bulletin boards or Internet technologies for transactions with pipelines. While not discounting the validity of the debate, Hoecker emphasized GISB "ought to be thinking about future requirements for information in this business and not just the medium in which it is conveyed."

"GISB should ponder whether an industry group like GISB can ready the industry for the information economy," Hoecker added at GISB's annual board meeting in San Antonio.

Hoecker's comments came as the commission early last week deferred to GISB and other industry associations in delaying by a year the deadline for transacting business on the Internet. The decision is clearly welcomed by GISB members, who had been vocal in their opposition to the rigidity of FERC's original decision to make the deadline June 1999.

"I think you heard a collective sigh of relief in the room," said **Stuart Maudlin,** president of Sabre Energy Network, referring to the reaction to Hoecker's announcement of the ruling in San Antonio.

While he declared he could spend his time before GISB talking about the decision, Hoecker said he preferred to focus on pushing GISB to move on to thinking about the industry's needs in the future -- perhaps "two to five years" down the road when GISB's current work plan would possibly be exhausted. As evidence of the need for GISB's expertise, he turned to FERC's plans for revamping the short-term transportation market.

As an illustration, Hoecker said "there is no better intersection between the need for information and the coming dynamic marketplace for gas and capacity" than the commission's proposal in July to create an auction for capacity in the short-term market.

"It is clear to me that such a commission policy will be completely ineffectual as a foil for market power and a creator of economic efficiency unless that auction process can be made to work by giving participants access to real-time information," he said. "It is here that GISB's knowledge of both technology and gas markets can be employed in new ways."

Hoecker acknowledged GISB Executive Committee Chair Mike Bray's "legitimate concerns about resources," but he said the organization is in an "opportune" position to handle many of the logistics for implementing standards of important transportation mechanisms and practices. Bray early last week had insisted FERC's call in the proposed rulemaking for GISB to perhaps handle penalty standardization and define a "recourse transportation" service was unreasonable due to "time constraints."

"I am a fan of the Gas Industry Standards Board and there are many reasons for that," Hoecker emphasized. "You have performed services that are critical to the vitality of the industry and, consequently, services critical to pro-competitive public policy. You have done that often thanklessly, and you have brought disparate industry elements together. GISB is one of those great public-private partnerships that we always talk about," he said.

But, more challenges are coming, Hoecker said. "Three intraday nominations may be insufficient as the gas and electric industries become more integrated and need faster and more frequent nomination processes," he noted. In recognition of a similar need in the electric transmission markets, the commission has already approved a four-month experiment to develop a next-hour market.

Such practices as penalties and imbalances tolerances affect energy customers' risk because penalties can make pricing uncertain, Hoecker said, referring to the commission's extensive discussion of penalties and operational flow orders in its proposed rulemaking.

Implementing sound policies is important because "pipeline operational flow orders -- invoked to protect systems -- are arguably disruptive," he said. "When pipelines file to increase penalties and reduce tolerances because neighboring pipelines have done so, they are trying not to become a parking lot for gas . . . [But] the higher penalties upset business relationships and make gas a less reliably priced commodity."

The public-private partnership between FERC and GISB was tested this summer when FERC asked in a rulemaking proposal if GISB could take on additional subjects for standardization. Not only did the question "surprise" the industry representatives active in GISB, but many also disapproved of the organization becoming involved in standardizing the practices.

In its Notice of Proposed Rulemaking (NOPR) in July, FERC suggested the standards organization could perhaps generate uniform rules for pipeline penalties and define a "recourse service" for shippers if they choose not to negotiate terms of service.

"To be blunt, [FERC's proposals] were a little disheartening," said GISB's Bray, who is also a Duke Energy vice president. "One of the cardinal rules of a

partnership is no surprises. As far as I know there were no discussions with GISB. I just don't think it is an effective way to do business and that message was communicated."

GISB's board voted last Wednesday to respond to FERC's suggestions with a firm refusal. In a letter, the board will remind FERC that neither initiative is on GISB's schedule as expressed by its annual plan and that resources are already strained at the organization.

But key to the dissent of many GISB officials is that they see the topics -- and especially the policy debates surrounding them -- as "outside the organization's scope." GISB, they note, is prohibited by its charter to engage in policy advocacy.

Columbia Gas Distribution Secretary and General Counsel Andy Sonderman pointed out assembling the elements of a "recourse service is controversial, even at the board level. I can't imagine what it would be" like to have to sort through the detail work of the committee.

Although the letter may express strong sentiment, it might have been worse. Besides the response to the NOPR, GISB also is planning on expressing gratitude for the commission's recognition of their work.

Much of the discord between the partners was erased when FERC acknowledged GISB's request for more time to usher the industry into the new era of conducting business on the Internet. FERC Tuesday extended the deadline for pipelines to offer Internet transactions by a year to June 2000.

"Maybe the best evidence of willingness to work with us and a good opportunity for cooperation ahead was that decision," said Bill Boswell, a GISB board member and Peoples Natural Gas vice president. "It's tremendously encouraging that FERC recognized GISB gave them good information in this case. You're seeing a level of trust."

In comments during his Wednesday speech, Hoecker made clear he would like to see GISB take on more projects. In fact, he went as far as to say GISB could play an active role in describing how the mechanics of a real-time interactive auction for capacity could be conducted using electric communications.

Asked after his speech how GISB could become active in the process without becoming an advocate, Hoecker said the commission would "welcome GISB's involvement, whether it be straight-out information or advocacy."

He emphasized he believes GISB needs to look forward in time in any event. In a way, GISB's members are going to have to make their decisions based on what they see as competitive pressures, such as from the electronic industry.

"I can tell you that without GISB over the past four years, pipelines and other parts of the industry might have been ill-prepared to compete," Hoecker said.

Following the speech, several GISB officials held a lengthy impromptu meeting in the hallway with the chairman. And although no specific future plans were discussed, the group looked at ways in which GISB could be helpful in the

future.

Boswell noted that GISB could play a role of a consultant on the transportation issues by answering "specific questions." There was "an agreement that we could improve communications," he said, noting some members also made clear that there is a conflict in what Hoecker may have in mind for the organization and GISB's rules not to engage in advocacy.

Terry Ciliske, GISB board chair and president and CEO of PG&E Texas Energy, said the relationship between GISB and FERC is "continuing to evolve." GISB "updates FERC with what we're doing with our periodic reports. If the commission wants to turn to us, we need to have" a mechanism for communication in the other direction, he said.
URL: http://www.platts.com

LOAD-DATE: October 06, 1998

LEVEL 1 - 5 OF 21 STORIES

The Energy Report

August 24, 1998

SECTION: Vol. 26, No. 33

LENGTH: 572 words

HEADLINE: In electric commerce, one size doesn't fit all

BODY:

Insisting "one size does not fit all," speakers at the Rocky Mountain Natural Gas Strategy Conference and Marketing Fair in Denver recently called for flexibility in adopting rules for electronic nominations reporting and for the creation of electronic trading systems.

The conference, sponsored by the Colorado Oil and Gas Assn., featured panelists discussing the feasibility of implementing the Federal Energy Regulatory Commission Order 587, which calls for shippers to convert from a nominations system using electronic bulletin boards (EBBs) to an Internet-based electronic data interchange (EDI) system by June 1999.

Rae McQuade, executive director of the Gas Industry Standards Board (GISB), said the independent standards organization is studying two models for EDI systems and is expected to use those models as a base to develop standards proposals to present to FERC.

Diane McVicker, fuels analyst in the Salt River Project, an electric utility, said that as an end-user of natural gas she did not think FERC should mandate shippers to give up the EBBs and go to an all-EDI nominations system. "We feel that both systems should move in parallel," she said.

McVicker also said that any additional charges incurred as a result of the move to an EDI system should not be passed on to the end-user. "I don't want to subsidize a competitor," she said.

"If EDI is so great, why aren't more people using it?" asked **Stuart Maudlin,** president of SABRE Energy Network. "Not everybody needs to change how they do business."

Maudlin said for a certain market segment -- the large volume shippers -- it makes sense to convert to an EDI system from one based on EBBs. For smaller marketing shops that may nominate on one or two pipes a day; however, the "EBBs work just fine," he said.

David Wagman of Resource Data International (RDI) said technology is a "two-edged sword." Wagman said the Internet has provided users with "an immense amount of information, virtually cost-free."

Because users are conditioned to thinking that information on the Internet

should be free, however, providers such as RDI, which produces "Energy Insight," a daily, Web-based news analysis and information service, must work harder to attract readers to their for-fee service.

A panel on electronic gas trading noted that the two top electronic trading systems, QuickTrade and Streamline, now account for approximately 10% of all daily deals. David Hanson, vice president of marketing for QuickTrade, said gas trading is evolving into a hybrid system, in which both electronic trades and more traditional personal transactions are conducted.

Greg Lander, president of TransCapacity, predicted that gas trading would move to a system of hourly nominations, as is currently done in the electric power market, in order to capture the high margin opportunities that occur when power demand drives prices up exponentially. He said the profit margins to be realized through such trading can range from $7.50 to almost $5,000/mmBtu of gas.

Since most gas volumes pass through about five hands between producer and their final destination, it is important for the trader who nominated that high-margin gas for a specific hour to make that fact known. This can only be accomplished through electronic trading, Lander said.

"It's important for people to get their name on that molecule," he added.
URL: http://www.platts.com

LOAD-DATE: August 26, 1998